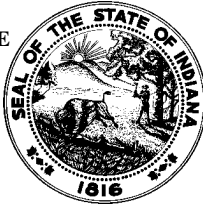


STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058
INDIANAPOLIS, IN 46204
PHONE (317) 232-3761
FAX (317) 232-8779

Agricultural Land Base Rates for the Assessment Dates: March 1, 2003 – 2011

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Tax Year														
2011 Pay 12									\$1,500					
2010 Pay 11								\$1,290						
2009 Pay 10							\$1,250							
2008 Pay 09						\$1,200								
2007 Pay 08**					\$1140**									
2006 Pay 07*						\$880*								
2005 Pay 06					\$880									
2004 Pay 05	\$1,050													
2003 Pay 04	\$1,050													

The Agricultural Land Base Rate calculation was first established for the 2002 general reassessment and was developed in compliance with *State Board of Tax Commissioners v. Town of St. John*, 702 N.E.2d 1034, 1040 (Ind. 1998) using the methodology described below. The statute governing the base rate calculation can be found at IC 6-1.1-4-4.5(e).

The calculations made for 2007 pay 2008, 2008 pay 2009, 2009 pay 2010, 2010 pay 2011, and 2011 pay 2012 are based on a rolling six-year average of market value-in-use. (Note: Per Senate Enrolled Act (SEA) 396-2010, the highest year of the six-year average is excluded in the calculation starting with the March 1, 2010 assessment.) Prior calculations were made based on a four-year rolling average. As illustrated in the following equation, the market value-in-use of agricultural land is calculated by dividing the net income of each acre by the appropriate capitalization rate.

$$\text{Market value-in-use} = \text{Net Income} \div \text{Capitalization Rate}$$

The change in market value-in-use is based on changes in cash rent, yields, production costs, market prices and interest rates. For example, the change for 2011 pay 2012 was the result of the removal of the 2002 data and the addition of the 2008 data. (Note: by law 2008 was not used in the calculation for the March 1, 2011 base rate.)

Net Cash Rents increased from \$105 in 2002 to \$140 on 2008. Yields for corn increased from 121 bushels in 2002 to 160 bushels in 2008 and yields for soybeans increased from 41.5 bushels in 2002 to 45 bushels in 2008. Prices for corn increased considerably from \$1.98 in 2002 to \$4.39 in 2008 (market year average) and prices for soybeans also increased considerably from \$4.42 in 2002 to \$10.20 in 2008 (market year average). Interest rates also dropped from 7.02% in 2002 to 6.56% in 2008, which would slightly increase market value under the income approach.

****March 1, 2007 payable in 2008:**

SEA 327-2005 required changing the four-year rolling average to a six-year rolling average for 2007 pay 2008 and beyond. IC 6-1.1-4-4.5(e)

***March 1, 2006 payable in 2007**

SEA 327-2005 froze the base rate for the March 1, 2006 assessment date at \$880. (The unpublished base rate had been calculated at \$1,050 and was based on data from 2000, 2001, 2002, and 2003.)